



32. Awareness and penetration of health insurance in rural V/s urban India

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Abstract

Health insurance has become an important part of both financial security for Indians and access to healthcare. However, even with various government and private options available to the public, awareness and use of health insurance varies greatly between rural and urban areas. This paper looks at how health insurance is known about, accessed, and ultimately used in the two areas of India. The objectives of this study are to determine why health insurance has not been adopted as much in rural areas and assess if the Government of India needs to make changes to current awareness programs or policies. The data for this study was taken from secondary sources, which can include reports from organizations like the Insurance Regulatory and Development Authority of India (IRDAI), Government of India publications, National Sample Survey Office reports (NSSO), articles, etc. The results indicate that people living in cities have a much higher rate of awareness about health insurance, as well as participation in it, due to higher levels of education, more money, better healthcare resources, and greater access to the internet. However, people in rural areas do not have the same resources available, and as a result they are unable to access health insurance. In conclusion, although India has been implementing large scale programs like PM-JAY and Ayushman Bharat, there is still a gap between people living in rural versus urban areas due to various reasons.

Keywords- Awareness, penetration, health insurance, rural, urban India

Introduction

Access to high-quality health care services and reducing the financial burden caused by illness can be achieved through health insurance, which is becoming increasingly important in India given the rising cost of health care. In India, where the cost of health care is rising rapidly, health insurance is now more of a necessity than it is a luxury item. However, a large discrepancy in awareness of health insurance and penetration of health insurance exists between individuals living in rural and urban areas. Urban India's use of health insurance products has grown significantly, as urban dwellers have been exposed to financial products, have a variety of employment opportunities, have an increase in earnings and have higher rates of literacy when compared to rural residents. In contrast, individuals living in rural areas are finding out that they



do not have adequate health insurance coverage because they have little to no knowledge of insurance, lack access to health care services, and do not have easy access to insurance services. The Indian government has several initiatives in place, including state-based health insurance plans, Rashtriya Swasthya Bima Yojana (RSBY) and Ayushman Bharat-Pradhan Mantri Jan Arogya Yojana (PM-JAY), to improve the coverage of health care insurance. However, despite these initiatives, many individuals living in rural areas do not have insurance. This research will identify the differences in awareness and penetration of health insurance between rural and urban India as well as identify the barriers to obtaining health insurance in rural areas.

Literature Review

A few studies and organizations have completed research on the awareness and uptake of health insurance in India. While India has seen an overall rise in health insurance penetration, rural India has a much lower level of health insurance coverage than urban areas, according to findings from the Insurance Regulatory and Development Authority of India (IRDAI). The National Sample Survey Office found that urban households tend to be more likely to have health insurance based on the characteristics of being employed in the organized sector, as well as having a higher education level. According to a World Health Organization research study, access to healthcare and financial literacy are important determinants of whether people in developing nations have health insurance. Accordingly, rural households without adequate knowledge or understanding typically do not purchase health insurance and rely on informal lending or savings to cover emergencies. Another study published in the Indian Journal of Public Health showed that government sponsored health programs, such as Ayushman Bharat, have had a positive impact on increasing insurance coverage for low-income households; however, citizens in rural areas continue to lack awareness of policy benefits and claim processes. A review of the literature found that government action, healthcare infrastructure, education and socio-economic status are all critical factors affecting the level of health insurance uptake.

Objective of the Study

1. To investigate awareness regarding health insurance among both rural and urban areas of India,
2. To make comparisons between the two areas regarding penetration of health insurance coverage,
3. To find out what factors contribute to or hinder the utilization of health insurance in rural India,
4. To examine the role of Governmental Schemes in enhancing the accessibility, reach and adoption of Health Insurance products in rural settings.



The researcher will then develop recommendations aimed at improving both health insurance awareness and access within the Indian population at large.

Hypothesis:

H0 (Null Hypothesis): India's rural and urban areas do not significantly differ in terms of health insurance awareness and prevalence.

H1 (Alternative Hypothesis): India's rural and urban areas varies greatly in terms of health insurance awareness and prevalence.

Methodology

Research Design

The study is descriptive and analytical in nature. It compares the awareness and penetration of health insurance in rural and urban India using secondary data.

Sources of Data

The secondary data used in the study came from:

- IRDAI yearly reports
- Publications from the government
- NSSO reports
- Scholarly publications
- Reports from health insurance companies
- Publications from the World Bank and WHO
- Online databases and newspaper.

Factors Affecting Rural Health Insurance Penetration Are-

1. Insufficient Knowledge of Finance
Insufficient knowledge about financial products, such as how to pay your premiums, understand the types of coverage available to you, or file a claim after an accident, prevent many people from purchasing insurance. Additionally, a lack of hospitals and doctors means that many people living in rural areas think they will not have access to healthcare if they purchase an insurance policy.
2. Inadequate Healthcare Facilities
Residents of rural areas typically have unpredictable sources of income due to farming and seasonal jobs. Therefore, they have difficulty making monthly payments for their premiums.
3. Unpredictable Income
Residents of rural areas do not trust insurance companies because they have been misled or have had bad experiences with them in the past.
4. A lack of confidence



Because of the lack of available internet service and the lack of computers, many rural people have no alternative but to purchase their insurance from an agent who will come to their home.

Impact of Government Schemes

Economic disadvantage has provided access to health insurance through government-aided schemes such as PM-JAY and Ayushman Bharat, providing financial protection for major surgeries or inpatient stays at hospitals; however, implementation continues to prove problematic:

1. Eligibility for PM-JAY/Ayushman Bharat is often unclear.
2. Documenting eligibility is often confusing.
3. There are limited hospitals accepting PM-JAY/Ayushman Bharat in rural areas.
4. Claim resolution takes a long time.

Conclusion

In India, health insurance plays an important role in providing financial security and access to health care for all citizens. However, the study data indicate significant differences between urban and rural India concerning health insurance, with the urban population having higher awareness and coverage of health insurance than the rural population. The urban population generally has a better education level, a stronger job market, and better health care infrastructure, resulting in higher levels of awareness of health insurance. The rural population still lacks sufficient access to health insurance, which is primarily due to low literacy rates, poor health care and infrastructure, financial hardship, and limited access to information. Government programs such as Ayushman Bharat have made some progress in increasing access to health insurance in rural India; however, awareness and effective implementation of these programs remain critical issues in rural areas.

The following are suggestions for bridging the health insurance/access gap that exists between rural and urban India that policymakers and health insurance companies need to concentrate on:

- Promoting financial literacy programs
- Developing health insurance awareness programs for villages and rural areas
- Making health insurance application processing easier to understand and implement
- Improving healthcare and facilities in rural areas and villages
- Increasing digital access to health insurance

Having an equitable and accessible health insurance system would help the Indian government achieve its goal of providing all people with equitable healthcare and would greatly contribute to the economic development of India.



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